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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/706,771	11/12/2003	Pieter Weyts	71323/DAT/PCF	7735
23432	7590	01/23/2009	EXAMINER	
COOPER & DUNHAM, LLP			VIG, NAresh	
30 Rockefeller Plaza			ART UNIT	PAPER NUMBER
20th Floor			3629	
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/706,771	Applicant(s) WEYTS ET AL.
	Examiner NARESH VIG	Art Unit 3629

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
 - If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
 - Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 12 November 2003.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-21 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-21 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) Notice of References Cited (PTO-892)
- 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) Information Disclosure Statement(s) (PTO/SB/08)
 Paper No(s)/Mail Date 20040329
- 4) Interview Summary (PTO-413)
 Paper No(s)/Mail Date. _____
- 5) Notice of Informal Patent Application
- 6) Other: _____

DETAILED ACTION

Claims 1 – 8 are not patentable because the claimed invention is directed to non-statutory subject matter. Based on Supreme Court precedent¹ and recent Federal Circuit decisions, A "process" under § 101 must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing or (3) the use of a specific machine or transformation of an article must impose meaningful limits on the claim's scope to impart patent-eligibility, furthermore, the involvement of the machine or transformation in the claimed process must not merely be insignificant extra-solution activity². If neither of these requirements is met by the claim, the method is not a patent eligible process under § 101 and should be rejected as being directed to nonstatutory subject matter. Moreover, the recitation of "computer implemented" in the preamble with the absence of a computer in the body of the claim or a lack of "another statutory class" in the body of the claim does not make the claim statutory.

¹ *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)

² The Supreme Court recognized that this test is not necessarily fixed or permanent and may evolve with technological advances. *Gottschalk v. Aerson*, 409 U.S. 63, 71 (1972), In re Bilski, Fed. Cir. 2007-1130

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1 – 21 are rejected under 35 U.S.C. 112, second paragraph, as being vague indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As currently claimed, it is not clear whether the claimed invention is directed to a contract, or, a contract writer assuring equity in a properties, pooling contracts to contracts to create securities and issuing them in capital markets.

In claim 20, it is not clear what is automated using computer software because claim 1 upon which it claims dependency is directed to a back-end loaded contract.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

- (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1 – 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Yaruss et al. US publication 2004/0019557 in view of Shiller and Weiss article “Home Equity Insurance” hereinafter known as Shiller.

Regarding claim 1, as best understood by examiner, Yaruss teaches concept of contract writer (e.g. insurer) providing a real estate equity protection contract. Yaruss does not teach concept of using index level representing a price level of real estate properties. However, Shiller teaches concept of using index level representing a price level of real estate properties [Shiller, page 4].

Therefore, at the time of invention, it would have been obvious to one of ordinary skill in the art to modify Yaruss by adopting teachings of Shiller to forecast the price of real estate properties, combine prior art elements according to known methods to yield predictable results, apply a known technique to a known device or method ready for improvement to yield predictable result.

Yaruss in view of Shiller does not explicitly teach using the concept of back-end loaded participation. **However, it is old and known to one of ordinary skills in the art business have used back-end loaded participation to discourage participants to cancel the contract before the contract expiration date (for example, mutual funds managers are known to use back-end loaded participation to discourage investors form early withdrawal from the mutual funds.**

Therefore, at the time of invention, it would have been obvious to one of ordinary skill in the art to modify Yaruss and have a back-end loaded participation to discourage

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customers from cancelling the policy, keep the insurance premiums coming, combine prior art elements according to known methods to yield predictable results, apply a known technique to a known device or method ready for improvement to yield predictable result.

Yaruss in view of Shiller teaches the concept of:

A back-end-loaded participatory real estate equity protection contract, wherein said contract can have the terms reciting that the writer agrees to pay a beneficiary a payout, the payout will be determined by an index level representing a price level of real estate properties in a predetermined area where the beneficiary owns a real estate property, the right of the beneficiary to receive the payout will be exercised upon a sale of the real estate property during a term of the contract, and the beneficiary agrees to pay the contract writer a fee.

Regarding claim 2, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the beneficiary will be entitled to the payout in case the index level decreased since the contract was entered into.

Regarding claim 3, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the term of the contract ranges from two to ten years.

Regarding claim 4, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the payout is a proportion of an appraised value of the real estate property at about a time when the contract was entered into.

Regarding claim 5, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that when the real estate index declines since a time the contract was entered into, the payout is a proportion of an appraised value of the real estate property at about the time when the contract was entered into and wherein the proportion is determined by a decline of the index level since the time when the contract was entered.

Regarding claim 6, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the fee is paid upon the earlier of the sale of the real estate property or a refinancing of a mortgage loan on the real estate property.

Regarding claim 7, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that a legally binding document is executed placing an encumbrance on a title of the real estate property requiring satisfaction of the fee payable to the contract writer upon the earlier of the sale of the real estate property or a refinancing of a mortgage loan on the real estate property.

Regarding claim 8, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the beneficiary incurs interest on the fee payable starting at the end of the term of the contract until the fee has been paid in full, when the property has not been sold or refinanced during the term of the contract.

Regarding claim 9, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the index is the index of an average sales price of residential real estate in a metropolitan statistical area where the real estate property is located.

Regarding claim 10, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the index level of the index is measured from an end of the month, a quarter or a year in which the contract was entered into until the end of the month, the quarter or the year when the property is sold or when the contract expired.

Regarding claim 11, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the beneficiary is entitled to the payout upon sale of the property or at an end of the term of the contract when the index level increased since a time when the contract was entered into.

Regarding claim 12, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the payout is a fixed amount or a proportion of the fee payable by the beneficiary, or a proportion of an appraised value of the real estate property at about the time when the contract was entered into and wherein the proportion is determined by an increase in the index level since the time when the contract was entered.

Regarding claim 13, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the payout is limited to a certain maximum amount.

Regarding claim 14, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that when the real estate index declines since a time the contract was entered into, and the beneficiary has not sold the real estate property since a beginning of the term of the contract, the beneficiary is entitled to the payout during the term of the contract under conditions specified in the contract.

Regarding claim 15, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the payout is a fixed amount or a proportion of the fee payable by the beneficiary, or a proportion of an

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appraised value of the real estate property at about the time when the contract was entered into and wherein the proportion is determined by an increase in the index level since the time when the contract was entered.

Regarding claim 16, as responded to earlier in response to claims 1 – 15, Yaruss in view of Shiller teaches the concept for a contract wherein a contract real estate equity protection contract can have terms reciting that writer agrees to pay a beneficiary a payout, wherein the payout is determined by an index level representing a price level of real estate properties in a predetermined area where the beneficiary owns a real estate property and where the right of the beneficiary to receive the payout is exercised upon a sale of the real estate property during a term of the contract, and wherein the payout is only made at about a time when the index has increased since a time when the contract was entered into, and the beneficiary agrees to pay the contract writer a fee.

Regarding claim 17, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the payout is a fixed amount or a proportion of the fee paid by the beneficiary, or a proportion of an appraised value of the real estate property at about the time when the contract was entered into and wherein the proportion is determined by an increase in the index level since the time when the contract was entered.

Regarding claim 18, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the fee is payable in whole or in part at the time the contract is entered into, or in whole or in part at the earlier of the sale of the real estate property or a refinancing of a mortgage loan on the real estate property.

Regarding claim 19, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that a legally binding document is executed placing an encumbrance on a title of the real estate property requiring satisfaction of the fee payable to the contract writer upon the earlier of the sale of the real estate property or a refinancing of a mortgage loan on the real estate property.

Regarding claim 20, Yaruss in view of Shiller teaches the concept wherein methods and procedures of the contract (**i.e. terms in the contract**) are automated using computer software deployed on computer workstations, networks, or the Internet (**using a computer software to generate the contract document**).

Regarding claim 21, Yaruss in view of Shiller teaches the concept wherein real estate equity protection contract can have terms reciting that the fee payable is pooled with other fee payables and converted into standard securities, backed by the fee payables, and issued in private or public capital markets.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR '1.111 (c) to consider the references fully when responding to this office action.

1. Shiller & Weiss, Home Equity Insurance
2. Case, Shiller and Weiss, Index Based Futures and Options Markets in Real Estate
3. Schoen US Publication 2004/0158515
4. McGill US Publication 2005/0075961

Any inquiry concerning this communication or earlier communications from the examiner should be directed to NARESH VIG whose telephone number is (571)272-6810. The examiner can normally be reached on Mon-Thu 7:00 - 5:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on (571) 272-6812. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

January 21, 2009

/Naresh Vig/
Primary Examiner, Art Unit 3629